GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3252
ANSWERED ON:05.08.2016
High Level Committee on CSR
Owaisi Shri Asaduddin;Tanwar Shri Kanwar Singh;Tharoor Dr. Shashi

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has made any assessment with regard to effectiveness of Corporate Social Responsibility (CSR) and if so, the details along with the findings thereof;

(b) whether the Government had also constituted a High Level Committee (HLC) to suggest measures and methodology for proper implementation of CSR and if so, the details thereof;

(c) the major recommendations made by the HLC along with the action taken by the Government thereon;

(d) whether the HLC recommended that the Ministry should collate, compile, and establish a common database to map CSR expenditure of companies and if so, the details thereof; and

(e) whether the Government would consider to establish a public database to aid in the analysis of CSR expenditure and outcomes and direct the distribution of CSR funds to neglected regions/sectors, if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE
MINISTRY OF CORPORATE AFFAIRS (SHRI ARJUN RAM MEGHWAL)
???????? ????? ???????? ??? ????? ?????? (???? ?????? ??? ??????)

(a) : An assessment of CSR expenditure of 4257 companies for the year 2014-15 indicates that 116 Public Sector Undertakings (PSUs) and 1790 Private Sector companies together have spent Rs 8029 crores during 2014-15 as summarised below:
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CSR Expenditure during 2014-15 (in Rs. Crore)
Sr. No. Company Type Total companies No. of Companies with CSR expenditure No. of Companies with no CSR expenditure Actual CSR expenditure (in Rs. Crore) (2014-15)
1. PSUs 169 116 53 2364
2. Private Sector Companies 4088 1790 2298 5665

Total
4257
1906
2351
8029

(b) to (d) : A High Level Committee, set up by the Ministry of Corporate Affairs to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility (CSR) policies by companies, submitted its report on 22nd September, 2015 alongwith its recommendations. The report, including the recommendations of the Committee, has been placed in the public domain on the Ministry's website (www.mca.gov.in). Major recommendations of the Committee includes, inter-alia, the following:
â€¢ It would be desirable to conduct a review of the CSR provision of the Act after three years.
â€¢ Ceiling on administrative overhead cost should be increased from 5% to not more than 10% of the CSR expenditure.
â€¢ Definition of the term "net profit" used under the Act and Rules need to be clarified.
â€¢ Re-examination of reference to the 'any financial year' in Section 135 (1) of the Act with a view to making necessary amendment(s) either in Section 135 (1) or in the relevant rule.
â€¢ Board and the CSR Committee should be managing the monitoring of their own CSR at their level.
â€¢ Government should have no role to play in engaging external experts in monitoring the quality and efficiency of CSR expenditure of Companies.
â€¢ The unspent balance out of the CSR fund should be allowed to be carried forward with a sunset clause of five years, after which the unspent balance should be transferred to one of the funds listed in Schedule VII.
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â€¢ An omnibus clause may be included in Schedule VII of the Act to suggest that CSR activities must be for larger public good and for any activity that serves public purpose and /or promotes the wellbeing of the people, with special attention to the needs of underprivileged.
â€¢ All information related to implementation of CSR by companies including amount spent, activity undertaken, geographical area covered as reported by companies to be complied by Ministry of Corporate Affairs and placed in public domain.
The Ministry has taken inter-alia the following actions on the recommendation of the HLC:-
(i) Report of the HLC was referred to Company Law Committee (CLC).
(ii) Some of the recommendations such as definition of 'any financial' year, definition of 'Net Profit' for the purpose of Section 135, and reference to Schedule VII were agreed to by the CLC and necessary amendments have been introduced in the Companies (Amendment) Bill, 2016.
(iii) A set of Frequently Asked Questions in the form of Clarificatory Circular have been issued by the Ministry on 12th January, 2016 and the same is placed in the public domain (www.mca.nic.in).
(iv) Information relating to CSR expenditure by companies have been collated and compiled.

(e) : No, Madam. Board of the CSR eligible company is empowered under the Companies Act 2013 to allocate CSR fund across various development sectors or geographic regions. Ministry of Corporate Affairs neither issues direction nor any advisory to companies in this regard.
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